

**Exclusive Op-Ed to “To Vima” on 10-24-04**

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Economic and Business Affairs**

## **ACCESS TO THE GLOBAL MARKETPLACE WILL SUSTAIN THE SMALL COFFEE GROWER**

You might be reading this over your morning newspaper, over a warm cup of coffee.

In the United States, that’s a pretty common routine. As the world’s largest importer of coffee, we wind up drinking a lot of coffee from many areas of the world. Even as the United States imports more coffee, we are aware that many coffee producing countries are suffering from the lowest world prices for coffee in recent memory. Though the price of coffee for sale in the United States has risen markedly since the early 1990s, the average grower has seen his income reduced by more than half during this same period.

Last month, the United States took an important step that highlights our commitment to promoting development in coffee-producing countries. We announced our intent to rejoin the International Coffee Organization, the world body that facilitates dialogue between coffee producing and coffee consuming countries. In joining the ICO, the U.S. is determined to encourage discussion and action on the sustainable production of coffee that will benefit coffee growers and consumers. The United States will play a constructive and creative role in this organization, which represents 97 percent of the world’s \$70 billion annual coffee production and 56 percent of all consumers.

Many coffee producing countries are our friends and neighbors. For many of these countries, the cultivation of coffee is a large and integral part of their economies. In Colombia alone, 560,000 families depend on the cash crop for their livelihood. In countries such as Burundi, Papua New Guinea, and East Timor, coffee grown by small producers is the backbone of their economies. Globally, about 25 million farming families earn their living through coffee growing.

But low coffee prices have driven many farmers in South America and Africa, who once grew coffee profitably, to turn to alternative crops, including coca and khat, in order to feed their families. Some of those who once worked the land in Central America have abandoned farming as a way of life and are migrating to cities in their homelands or into the United States, in a desperate attempt to find employment.

Why are small farmers receiving such meager returns on the coffee they produce? Low world coffee prices and an overall increase in worldwide coffee production offer a partial explanation. Some experts cite improvements in roasting technology, which allow U.S. roasters to buy more Robusta and less Arabica beans, and still conform their product to American tastes. But a significant reason for plight of small farmers can be attributed to their lack of access to the globalized marketplace. They do not have the tools -- such as

the Internet or training in business methods and market analysis – that could boost their access to their principal markets. Corruption, environments hostile to business and restrictions on trade are also driving a wedge between what a local farmer receives for his product and what his product might be worth.

By announcing our intent to rejoin the International Coffee Organization, the United States is signaling its recognition of the growers' plight and the realization that many of our closest friends depend on a sustainable coffee market. Much credit belongs to the ICO itself, which has undertaken free market-oriented reforms and has abandoned discussion of a quota system that did little to establish a sustainable market for consumers and coffee farmers. We are working hand-in-hand with the American coffee industry to ensure that sustainable development is at the forefront of the coffee trade agenda.

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